

June 24, 2010

Randy Sekany
President
San Jose Fire Fighters, Local 230
425 E. Santa Clara Street, Suite 300
San Jose, CA 95113

RE: Negotiations with the San Jose Fire Fighters (IAFF, Local 230)

Dear Randy:

As you know, the Memorandum of Agreement (MOA) between the City and the San Jose Fire Fighters (International Association of Firefighters, Local 230) expired on June 30, 2009, which is almost one year ago. Unfortunately, we were unable to reach an agreement on a new contract, and impasse was declared. Several mediation sessions took place in an effort to reach a voluntary agreement; however, not only was no agreement reached on a new contract, but no agreement was reached on any issue.

Since the City Charter provides for binding arbitration if the City is unable to reach an agreement with Local 230, arbitration hearings were initially scheduled to begin on June 18, 2010. In light of the \$118.5 million budget shortfall facing the City in Fiscal Year 2010-2011 and because of the possibility that balancing the budget would require the difficult decisions to eliminate firefighter positions, the City suggested to Local 230 that we postpone the arbitration hearings.

The City suggested postponing binding arbitration to allow us time to explore the possibility of reaching a voluntary agreement on a new contract that would not only preserve firefighter jobs and the important services they provide to our community, but also avoid the need to proceed to binding arbitration under the City Charter. The binding arbitration hearings were rescheduled and will begin on November 8, 2010, unless we are able to reach an agreement.

Although we had hoped to reach an agreement with Local 230 before the City Council had to approve a budget for Fiscal Year 2010-2011, we unfortunately were unable to do so. As indicated in the Mayor's March Budget Message, as well as we discussed during our meetings and in letters, the City emphasized to Local 230 the importance of reaching an agreement by June 3, 2010. The timelines were established so that as the City Council made the very difficult decisions in balancing the City's budget, they would know the amount of any savings from concessions that could lessen or eliminate the need for service reductions and the elimination of sworn firefighter positions.

Even though June 3, 2010, passed without an agreement with Local 230, because of the priority of saving services and jobs the City continued to meet with Local 230 in an effort to reach an agreement in the hope that an agreement could still be reached in time to save firefighter positions and avoid layoffs. The City met with Local 230 most recently on Saturday, June 20th and Monday, June 21st, but despite these efforts, no agreement was reached.

The City had hoped to alleviate the uncertainty for firefighters who are facing layoff by reaching an agreement with Local 230 before the City Council approved the budget. Unfortunately, however, the Fiscal Year 2010-2011 budget had to be approved without being able to rely on savings from an agreement with Local 230. This means that the elimination of vacant sworn positions approved in the budget will be effective July 1st and layoffs of firefighters will be effective July 30, 2010. Although the 2010-2011 budget has been approved, the City Manager and the City Council are interested in continuing our efforts to reach an agreement with Local 230 that would restore sworn positions in the Fire Department, avoid layoffs of firefighters, and allow us to cancel the binding arbitration hearings scheduled in November.

As you know, if the City and Local 230 are successful in reaching a Tentative Agreement, it is not final until it has been ratified by the Local 230 membership and after it has been approved by the City Council in open session. Thus, the savings from an agreement with Local 230 cannot be used to restore firefighter positions until after the Tentative Agreement has been approved by the City Council. The next City Council meeting where a Tentative Agreement could be approved by the City Council is August 3rd. In order to hear the item on the August 3rd Council agenda, we estimate that an agreement would need to be reached on or before July 19, 2010.

For your reference, below is a list of sworn firefighter positions that have been eliminated as part of the Fiscal Year 2010-2011 budget and that could be restored with concessions from Local 230.

Proposal	Positions	FY 2010-2011 General Fund	Ongoing General Fund
Truck Company 3	16.00	\$2,460,000	\$2,713,000
Engine Company 35 (4 th Engine)	15.00	\$2,244,000	\$0
Engine Company 34 (3 rd Engine)	13.00	\$2,012,000	\$0
Engine Company 33 (2 nd Engine)	15.00	\$2,318,000	\$0
Engine Company 30 (1 st Engine)	13.00	\$1,959,000	\$0
Fire Fighter Recruit Academy (2 nd Academy)	0.00	\$945,000	\$0
Fire Department Discretionary Overtime	0.00	\$30,000	\$0
Total	72.00	\$11,968,000	\$2,713,000

Please note that concessions that generate almost exclusively one-time savings, such as Local 230's current proposal, would preserve firefighter positions for Fiscal Year 2010-2011 only. Therefore, the positions of employees who avoided layoff through one-time savings would expire on June 30, 2011, and would not be included in the budget

development for Fiscal Year 2011-2012. In addition, under Local 230's current proposal, firefighter positions would still be eliminated because the amount of the concessions currently offered by Local 230 is not sufficient to restore all of the sworn firefighter positions that have been eliminated in the budget.

We also wanted to advise Local 230 that when we continue discussions in an attempt to reach an agreement, we need to re-visit the issues that have been discussed in negotiations to determine if they can be implemented retroactively to July 1st if an agreement were reached. This is important in order to determine if the anticipated savings from concessions can be relied upon to restore firefighter positions and avoid layoffs.

We are currently scheduled to meet on Monday, June 28th at 3:00 p.m. on issues related to the impacts of firefighter layoffs. We suggest using this meeting time instead to continue negotiations in an effort to reach an agreement that would preserve firefighter positions and avoid layoffs. The sooner we can reach a Tentative Agreement, the sooner firefighters facing layoff know that it is still possible to avoid layoffs, even though final approval of a Tentative Agreement will not occur until August 3rd.

Sincerely,



Alex Gurza
Director of Employee Relations

c: Jeff Welch, Local 230 Vice President
Juan Diaz, Local 230 Representative
Soren Coats, Local 230 Representative
Chris Platten, Local 230 Legal Counsel
Assistant Fire Chief Teresa Reed, City Negotiating Team Member
Aracely Rodriguez, City Negotiating Team Member
Marcus Hermanson, City Negotiating Team Member